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Department of Administrative Services
FY 2006 Financial Summary
DECEMBER 2005 - FY06

	Total Revenue	Total Expenses	Profit/(Loss)
Fund 0001 Organization 5310 DESIGN & CONSTRUCTION	400,308	400,789	(481)
Fund 0660 Organization 5630 PURCHASING OPERATIONS	782,387	652,622	129,765
Fund 0660 Organization 5621 DAS / GSE BLANKET BOND OPERATIONS	24,709	29,386	(4,677)
Fund 0662 Organization 5710-20 FLEET MANAGEMENT	307,973	237,838	70,135
Fund 0663 Organization 5770 VEHICLE PURCHASE, REPLACEMENT, DISPOSAL	5,081,988	2,028,373	3,053,615
Fund 0665 Organization 5790 RISK - SELF INSURANCE PROGRAM	450,212	482,931	(32,719)
Fund 670 Organization A670 MAIL SERVICES	725,544	438,104	287,439
Fund 674 - Association Fund ASSOCIATION ROLL UP CCM UTILITY - SPACE MGMT - OPERATIONS - ANKENY LAB	2,392,898	2,163,592	229,306
Fund 674 Organization J674 MARKETPLACE	194,685	86,756	107,929

Department of Administrative Services
FY 2006 Financial Summary
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DEPARTMENT OF ADMINISTRATIVE SERVICES

PETITION BY:)	
W. Charles Smithson, Chair)	
General Services Customer Council,)	PETITION for PARTIAL
For and on behalf of the Council,)	WAIVER of a SUBRULE for
FOR THE PARTIAL WAIVER OF)	FY07 RATES
SUBRULE 11—10.7(3) “Rate Setting.”)	

COMES NOW, on February 10, 2006, W. Charles Smithson (Petitioner), Chair of the General Services Enterprise Customer Council (Council), and for and on behalf of the Council files this Petition for Partial Waiver of a Subrule for FY07 Rates as follows:

1. Petitioner files this petition pursuant to rule 11—9.5 for the purpose of requesting the Department of Administrative Services (DAS) to grant a partial waiver of subrule 11—10.7(3) “Rate setting.” That subrule states the following:

“The customer council shall approve the procedure for setting rates for the services that the customer council oversees and the resulting rates. Rates shall be established no later than September 1 of the year preceding the rate change.”

2. This petition seeks a waiver of the second sentence of the subrule: “Rates shall be established no later than September 1 of the year preceding the rate change.” This petition does not speak to the other sentence in the subrule.

3. The specific scope of the waiver sought is for DAS to waive the September 1 deadline and permit the Council to review the FY07 rates that were previously adopted and announced.

4. The duration of this waiver would be until the next Council meeting when the FY07 Rates were again reviewed and upon any final action by the Council concerning same.¹

5. The following facts are based on clear and convincing evidence and are offered in support of this petition pursuant to rule 11—9.4:

¹ Petitioner is assuming that the customary 30-day comment period does not apply to this situation.

a. The application of the subrule would post an undue hardship on DAS customers and the Council if FY07 Rates did not accurately reflect actual DAS budgetary expenses. DAS would also be harmed if it was determined that it was billing more than what was necessary to manage the department or was otherwise incorrectly assessing budgetary expenses.

b. Petitioner is unaware of any person who might have a legal right be substantially harmed if the waiver is granted.

c. Petitioner is unaware of the provisions of the subrule in question being based on any specific statutory mandate or other provision of law.

d. The equal protection of public health, safety, and welfare does not seem to be at issue with this petition or the underlying subrule.

e. The public interest, policies, and legislative intent support waiver of the rule.

6. The history of the Petitioner, the Council, and DAS concerning the setting of rates has existed for nearly three years.

7. Previous waivers of this subrule have been granted.

8. Petitioner does not believe that any other public agency or political subdivision regulates the activity in question. Concerning the name, address, and telephone number of any public agency affected by the granting of this petition, the Petitioner offers the name, address, and telephone number of the executive or administrative head of every agency of state government that pays the purchasing utility fee. This information is published in the "Iowa State Government Metro Telephone Directory."

9. Concerning the name, address, and telephone number of any person who would be adversely affected by the granting of this petition, Petitioner believes that no such person would be adversely affected by the granting of this petition and thus offers no additional information.

10. Concerning the name, address, and telephone number of any person with knowledge of the relevant facts relating the proposed waiver the Petition offers the name, address, and telephone number of each member of the Council, each official and employee of DAS who attends or otherwise has knowledge of the workings of the Council, and each director or administrative head of the agencies that pays the purchasing utility fee. These names, addresses, and telephone numbers may be located in the “Iowa State Government Metro Telephone Directory.”

11. By signing this document the Petitioner attests that the facts set out in this petition are accurate to the best of his knowledge and belief. In addition, the undersigned believes this petition contains a statement of reasons that justify the waiver being granted and granted retroactively. Finally, by directing the filing of this petition, the Council and the Petitioner hereby give authorization to release information to DAS relevant to the waiver.

WHEREFORE, the Petitioner requests that the Department of Administrative Services grants a partial waiver of subrule 11—10.7(3) for the reasons and rationale set out in this petition.

Respectfully submitted,

W. Charles Smithson, Chair
General Services Customer Council
510 E. 12th Street, Suite 1A
Des Moines, Iowa 50319
(515) 281-3489
(515) 281-3701 (fax)
Charlie.Smithson@iowa.gov

CERTIFICATE OF SERVICE

The undersigned does hereby certify that this Petition for Partial Waiver of a Subrule for FY07 Rates was personally served on February 10, 2006, to:

Patricia Lantz
DAS Counsel

W. Charles Smithson

DEPARTMENT OF ADMINISTRATIVE SERVICES

PETITION BY:)	
W. Charles Smithson, Chair)	
General Services Customer Council,)	PETITION for PARTIAL
For and on behalf of the Council,)	WAIVER of a SUBRULE
FOR THE PARTIAL WAIVER OF)	
SUBRULE 11—10.7(3) “Rate Setting.”)	

COMES NOW, on February 10, 2006, W. Charles Smithson (Petitioner), Chair of the General Services Enterprise Customer Council (Council), and for and on behalf of the Council files this Petition for Partial Waiver of a Subrule and Retroactive Application as follows:

1. Petitioner files this petition pursuant to rule 11—9.5 for the purpose of requesting the Department of Administrative Services (DAS) to grant a partial waiver of subrule 11—10.7(3) “Rate setting.” That subrule states the following:

“The customer council shall approve the procedure for setting rates for the services that the customer council oversees and the resulting rates. Rates shall be established no later than September 1 of the year preceding the rate change.”

2. This petition seeks a waiver of the second sentence of the subrule: “Rates shall be established no later than September 1 of the year preceding the rate change.” This petition does not speak to the other sentence in the subrule.

3. The specific scope of the waiver sought is for DAS to waive the September 1 deadline and permit the Council to reduce the FY06 rates in the areas set out in the attached document.

4. The duration of this waiver would be the February 10, 2006 Council meeting.

5. The following facts are based on clear and convincing evidence and are offered in support of this petition pursuant to rule 11—9.4:

a. The application of the subrule would post an undue hardship on DAS Customers as apparently the rates they are currently paying do not reflect actual DAS budget expenses.

b. Petitioner is unaware of any person who might have a legal right be substantially harmed if the waiver is granted.

c. Petitioner is unaware of the provisions of the subrule in question being based on any specific statutory mandate or other provision of law.

d. The equal protection of public health, safety, and welfare does not seem to be at issue with this petition or the underlying subrule.

e. The public interest, policies, and legislative intent support waiver of the rule.

6. The history of the Petitioner, the Council, and DAS concerning the setting of rates has existed for nearly three years.

7. Previous waivers of this subrule have been granted.

8. Petitioner does not believe that any other public agency or political subdivision regulates the activity in question. Concerning the name, address, and telephone number of any public agency affected by the granting of this petition, the Petitioner offers the name, address, and telephone number of the executive or administrative head of every agency of state government that pays the purchasing utility fee. This information is published in the "Iowa State Government Metro Telephone Directory."

9. Concerning the name, address, and telephone number of any person who would be adversely affected by the granting of this petition, Petitioner believes that no such person would be adversely affected by the granting of this petition and thus offers no additional information.

10. Concerning the name, address, and telephone number of any person with knowledge of the relevant facts relating the proposed waiver the Petition offers the name, address, and telephone number of each member of the Council, each official and employee of DAS who attends or otherwise has knowledge of the workings of the Council, and each director or administrative head of the agencies that pays the purchasing utility fee. These names, addresses,

and telephone numbers may be located in the "Iowa State Government Metro Telephone Directory."

11. By signing this document the Petitioner attests that the facts set out in this petition are accurate to the best of his knowledge and belief. In addition, the undersigned believes this petition contains a statement of reasons that justify the waiver being granted and granted retroactively. Finally, by directing the filing of this petition, the Council and the Petitioner hereby give authorization to release information to DAS relevant to the waiver.

WHEREFORE, the Petitioner requests that the Department of Administrative Services grants a partial waiver of subrule 11—10.7(3) for the reasons and rationale set out in this petition.

Respectfully submitted,

W. Charles Smithson, Chair
General Services Customer Council
510 E. 12th Street, Suite 1A
Des Moines, Iowa 50319
(515) 281-3489
(515) 281-3701 (fax)
Charlie.Smithson@iowa.gov

CERTIFICATE OF SERVICE

The undersigned does hereby certify that this Petition for Partial Waiver of a Subrule was personally served on February 10, 2006, to:

Patricia Lantz
DAS Counsel

W. Charles Smithson

DEPARTMENT OF ADMINISTRATIVE SERVICES

PETITION BY:)	
W. Charles Smithson, Chair)	
General Services Customer Council,)	PETITION for PARTIAL
For and on behalf of the Council,)	WAIVER of a SUBRULE and
FOR THE PARTIAL WAIVER OF)	RETROACTIVE APPLICATION
SUBRULE 11—10.7(3) “Rate Setting.”)	

COMES NOW, on February 10, 2006, W. Charles Smithson (Petitioner), Chair of the General Services Enterprise Customer Council (Council), and for and on behalf of the Council files this Petition for Partial Waiver of a Subrule and Retroactive Application as follows:

1. Petitioner files this petition pursuant to rule 11—9.5 for the purpose of requesting the Department of Administrative Services (DAS) to grant a partial waiver of subrule 11—10.7(3) “Rate setting.” That subrule states the following:

“The customer council shall approve the procedure for setting rates for the services that the customer council oversees and the resulting rates. Rates shall be established no later than September 1 of the year preceding the rate change.”

2. This petition seeks a waiver of the second sentence of the subrule: “Rates shall be established no later than September 1 of the year preceding the rate change.” This petition does not speak to the other sentence in the subrule.

3. The specific scope of the waiver sought is for DAS to waive the September 1 deadline and permit the Council to reduce the FY06 purchasing portion of the utility fee as proposed to, and adopted by, the Council at the January 6, 2006 Council meeting.

4. Petitioner seeks retroactive approval of this request as the Council previously voted to approve the rate reduction and DAS announced the same to its agency customers.

5. The duration of this waiver would be retroactive and apply to the January 6, 2006 Council meeting.¹

6. The following facts are based on clear and convincing evidence and are offered in support of this petition pursuant to rule 11—9.4:

a. The application of the subrule would post an undue hardship on DAS, the Council, and the Customers as this issue has been voted on, announced, and possibly implemented.

b. Petitioner is unaware of any person who might have a legal right be substantially harmed if the waiver is granted.

c. Petitioner is unaware of the provisions of the subrule in question being based on any specific statutory mandate or other provision of law.

d. The equal protection of public health, safety, and welfare does not seem to be at issue with this petition or the underlying subrule.

e. The public interest, policies, and legislative intent support waiver of the rule.

7. The history of the Petitioner, the Council, and DAS concerning the setting of rates has existed for nearly three years.

8. Previous waivers of this subrule have been granted.

9. Petitioner does not believe that any other public agency or political subdivision regulates the activity in question. Concerning the name, address, and telephone number of any public agency affected by the granting of this petition, the Petitioner offers the name, address, and telephone number of the executive or administrative head of every agency of state government that pays the purchasing utility fee. This information is published in the “Iowa State Government Metro Telephone Directory.”

¹ Petitioner is assuming that the customary 30-day comment period does not apply to this situation.

10. Concerning the name, address, and telephone number of any person who would be adversely affected by the granting of this petition, Petitioner believes that no such person would be adversely affected by the granting of this petition and thus offers no additional information.

11. Concerning the name, address, and telephone number of any person with knowledge of the relevant facts relating the proposed waiver the Petition offers the name, address, and telephone number of each member of the Council, each official and employee of DAS who attends or otherwise has knowledge of the workings of the Council, and each director or administrative head of the agencies that pays the purchasing utility fee. These names, addresses, and telephone numbers may be located in the "Iowa State Government Metro Telephone Directory."

12. By signing this document the Petitioner attests that the facts set out in this petition are accurate to the best of his knowledge and belief. In addition, the undersigned believes this petition contains a statement of reasons that justify the waiver being granted and granted retroactively. Finally, by directing the filing of this petition, the Council and the Petitioner hereby give authorization to release information to DAS relevant to the waiver.

WHEREFORE, the Petitioner requests that the Department of Administrative Services grants a partial waiver of subrule 11—10.7(3) and applies the waiver retroactively for the reasons and rationale set out in this petition.

Respectfully submitted,

W. Charles Smithson, Chair
General Services Customer Council
510 E. 12th Street, Suite 1A
Des Moines, Iowa 50319
(515) 281-3489
(515) 281-3701 (fax)
Charlie.Smithson@iowa.gov

CERTIFICATE OF SERVICE

The undersigned does hereby certify that this Petition for Partial Waiver of a Subrule and Retroactive Application was personally served on February 10, 2006, to:

Patricia Lantz
DAS Counsel

W. Charles Smithson

Date: October 17, 2005

To: GSE Customer Council

From: Jim Chrisinger, Jennifer St. John, and Marcia Spangler

Re: Purchasing Formula for FY08

These issues are complicated and there are no easy answers. That said, our committee wrestled with the issues and offers the following options for discussion. With the wisdom of the entire Council and GSE partners adding to the mix, I'm confident we can come up with something to improve performance and accountability, and be workable for GSE.

The options below are not mutually exclusive. Some mix 'n match is possible.

1. Raise the limit for agency purchases on their own to \$10,000

This step would reduce DAS time commitments for smaller purchases and lead to increased rebate dollars as DAS focuses on larger purchases. This change should be accompanied by GSE training for agencies to ensure all agencies understand the rules and the process. The way such a change would affect payments to GSE would also need to be considered and resolved.

2. Agencies pay a flat fee (subscription), by agency size

This approach has the advantages of simplicity, stability, and predictability, especially for GSE. Federal guidelines would preclude basing this fee on FTEs, but it could be based on dollars, excluding personnel/payroll costs.

This approach encourages agencies to use GSE services, perhaps to a fault. It does not allow agencies flexibility in deciding how much service they want to buy, as opposed to do themselves.

GSE is working to reduce these fees by increasing rebate revenue and using that revenue to reduce rates.

3. Differentiate large-scale, bulk buying from one-time, unique item purchases

GSE adds the most value in the former and the least in the latter. Find ways, including through strategic sourcing, for GSE to be compensated for putting advantageous contracts in place for bulk buying, probably through a percentage charge. Eliminate loopholes so all contribute to these charges, thereby lowering the rate needed to support the activity.

Concerns by GSE about revenue predictability would need to be addressed.

4. GSE provides a “menu of services,” each with an appropriate funding mechanism

So, for example, bulk purchases could be handled on a percentage basis, while large complex, one-time services could be hourly billed separately, and training for routine small purchases could be a separate item funded through workshop fees.

Agencies could be trained up to a “certified purchasing agent” level and then handle many transactions on their own, with GSE in an advisory capacity.

Concerns here focus on complexity (detailed time reporting, intake processes, etc.), billing procedures, and consistency of revenue for GSE. There are also questions here about what parts of the service could perhaps be marketplace vs. utility.

This approach would better match billings to services provided.